

Message Text

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ACTION EB-07

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SAN JOSE FOR AGATT

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SUBJECT: GOP-CATTLEMEN DIALOGUE

REF: STATE 83503

1. AGRICULTURE MINISTER PAREDES MET WITH REPRESENTATIVES OF THE NATIONAL CATTLEMEN'S ASSOCIATION RECENTLY AS PART OF GOP'S CONTINUING CAMPAIGN TO MEND ITS FENCES WITH THE PRIVATE SECTOR. CATTLEMEN EXPRESSED THEIR CONTINUING CONCERN ABOUT THE AUSTRALIAN MEAT LAUNDERING OPERATIONS USING UP A MAJOR PART OF PANAMA'S PROPOSED 1976 VOLUNTARY RESTRAINT PROGRAM QUOTA, AND QUERIED THE MINISTER ABOUT REPORTED ATTEMPTS TO OBTAIN APPROVAL FOR THE IMPORTATION OF AN ADDITIONAL 2 MILLION POUNDS OF AUSTRALIAN MEAT. PAREDES INDICATED THAT HE HAD BEEN APPROACHED BY DR. SAN PEDRO AND ALBERTO "BETO" GONZALEZ FOR HIS APPROVAL, AND HAD INDICATED THAT THEY WOULD FIRST HAVE TO OBTAIN THE CONSENT OF THE CATTLEMEN'S ASSOCIATION. THE CATTLEMEN ASSURED HIM THAT THIS CONSENT WOULD NOT BE FORTHCOMING.

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2. CATTLEMEN ALSO EXPRESSED THEIR CONTINUING COMPLAINTS

ABOUT THE 25 CENTS/POUND SUPPORT PRICE FOR CATTLE ON THE
HOOF; THEIR CONTENTION IS THAT THE SUPPORT PRICE SHOULD
BE RAISED DURING THE DRY SEASON TO PERMIT PROFITABLE SALE
OF LESS-THAN-OPTIMUM WEIGHT CATTLE. MINISTER AGREED TO
RAISE THE SUPPORT PRICE TO 26 CENTS/POUND UNTIL AUGUST 15
--CATTLEMEN WERE HOPING FOR 27 CENTS.

3. A DISCUSSION OF THE PRIVATE SECTOR'S UNCERTAINTY ABOUT
THE ROLE OF THE GOP IN THE ECONOMY CENTERED ON THE APPLICATION
OF LAW NO. 71 OF SEPTEMBER 20, 1973, WHICH PERMITS THE
GOVERNMENT TO EXPROPRIATE LAND WITHIN 8 KILOMETERS OF ANY ROAD -
EXISTING OR PROPOSED - IN THE COUNTRY FOR PURPOSES OF
"SOCIO-ECONOMIC DEVELOPMENT PROJECTS". CATTLEMEN POINTED
OUT THAT THIS LAW HAD CREATED CONSIDERABLE UNCERTAINTY AS
TO ITS SPECIFIC INTERPRETATION AND THEREFORE HAD INHIBITED
PRIVATE INVESTMENT IN AGRICULTURE. AGRICULTURE MINISTER
AGREED THAT THE LAW WAS POORLY WRITTEN AND PROMISED TO
WORK FOR ITS REVISION. OPINIONS WERE ALSO EXPRESSED THAT
THE LABOR CODE HAD BEEN HARMFUL TO LARGE-SCALE AGRICULTURAL
OPERATIONS, PARTICULARLY LABOR-INTENSIVE OPERATIONS SUCH AS
DAIRY FARMS. THE CATTLEMEN ARGUED THAT PROBLEMS SUCH AS
THESE COULD BE AVOIDED BY EFFECTIVE PRIVATE SECTOR REPRESENTATION
ON THE LEGISLATIVE COMMISSION.

4. COMMENT: PANAMANIAN CATTLEMEN'S COMPLAINTS ECHO
THOSE EXPRESSED IN MANY DEVELOPING COUNTRIES WHEN THE
GOVERNMENT ACTIVELY INTERVENES IN THE AGRICULTURAL SECTOR
ON BEHALF OF THE SMALL PRODUCER. THE GOP'S DESIRE TO
PROMOTE DIVERSIFIED CASH-CROP FARMING DIRECTLY CONFLICTS
WITH THE CATTLEMEN'S INTERESTS IN AREAS WHERE CULTIVABLE
LAND IS BEING USED FOR GRAZING. THE PROBLEM HERE IS TO
SHIFT CATTLE RAISING TO THE LARGE AREAS OF LAND SUITABLE
ONLY FOR GRAZING. THESE INHERENT CONTRADICTIONS HAVE
BEEN EXACERBATED BY THE INTERVENTION OF OUTSIDE INTERESTS
(SAN PEDRO ET AL) PROMOTING THE DEVELOPMENT OF BEEF
PLANTATIONS PRODUCING MEAT FOR EXPORT TO THE UNITED STATES.
WHILE OBSTENSIBLY AIDING THE PANAMANIAN CATTLE INDUSTRY BY
PROVIDING AN EXPORT OUTLET FOR PRODUCTION IN EXCESS OF
DOMESTIC CONSUMPTION, THESE INTERESTS HAVE DRIVEN AN
ADDITIONAL WEDGE BETWEEN THE GOP AND THE CATTLEMEN IN CON-
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VINCING THE FORMER TO APPROVE THE AUSTRALIAN "MEAT LAUNDERING"
OPERATION. THE GOP'S DESIRE TO STILL STRIDENT CRITICISM
OF ITS AGRICULTURAL POLICIES -- AN IMPORTANT FACTOR IN THE
RECENT GOP-PRIVATE SECTOR CONFRONTATION -- WILL LIKELY
SERVE AS A CRUB ON SIMILAR OPERATIONS IN THE NEAR FUTURE.
CATTLEMEN'S FEARS ABOUT RESUMPTION OF AUSTRALIAN MEAT
IMPORTS ARE BUTTRESSED BY THEIR FEELING THAT SAN PEDRO AND
GONZALEZ ARE WELL-CONNECTED BOTH IN THE GOP AND IN THE US.

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